



Financial Health and Wealth Dashboard: A Local Picture of Residents' Financial Well-Being

Strategies for Local Leaders

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City and community leaders from government, philanthropy, and practice can make a difference in residents' financial lives. They have the tools, policy and program levers, and decisionmaking power to influence financial well-being at the local level and help narrow the racial wealth gap.¹

In our accompanying dashboard,² we illustrate financial health and wealth across cities and states and by race and ethnicity, where data are available. We looked beyond income to include credit, debt, savings, assets, and wealth. Local solutions can tackle these multiple facets of financial well-being, as well as the structural barriers that created—and continue to reinforce—racial wealth inequities.

The following strategies for local leaders are categorized by our definition of financial health:³ people's ability to manage their daily finances, be resilient to economic shocks, and pursue opportunities for upward mobility.

Daily Finances

ENSURE FAMILY-SUSTAINING WAGES

Black and Hispanic workers and women are overrepresented in temporary and precarious jobs and underrepresented in jobs that provide family-sustaining wages and benefits like health insurance, retirement savings options, and paid sick time⁴ and paid family and medical leave.⁵ This occupational segregation is the result of persistent discrimination in hiring and geographic mismatches between where people of color live and where good jobs are located. Local leaders have the power to raise the wage floor in their cities, enact universal paid leave policies, and require public works projects to hire residents facing barriers to employment. Some cities have experimented with guaranteed income programs⁶ and one-time cash payments for workers in essential occupations, such as child care,⁷ where wages are especially low.

HELP RESIDENTS AVOID AND MANAGE DEBT

Too much personal debt wreaks havoc on family finances and can potentially lead to lower city revenue⁸ in the form of unpaid public utility bills, unpaid property taxes, and evictions. City leaders can first “do no harm” by ensuring that residents with debt are not penalized when applying for job certifications and business licenses, which offer opportunities for upward mobility. Several cities have also reformed the fines and fees⁹ levied by their criminal legal systems and traffic courts, which have been shown significantly harm households of color and households with low incomes. Finally, cities can train employees¹⁰ to provide easy on-ramps to relevant, free, and timely financial coaching programs¹¹ for residents seeking services¹² such as subsidized child care and housing assistance.

IMPROVE ACCESS TO FINANCIAL INSTITUTIONS

To counter the lasting harm of redlining and other policies and practices that stripped wealth from neighborhoods of color, city leaders can strive to attract and partner with community development financial institutions,¹³ community development credit unions,¹⁴ and minority depository institutions,¹⁵ whose missions are to serve people with low-to-moderate incomes and underserved Black, Hispanic, Native American, and Asian American communities. Cities may also opt to join one of nearly 100 BankOn coalitions¹⁶ to connect local residents to affordable, secure financial transaction accounts offered without overdraft fees.

PRODUCE AND PRESERVE AFFORDABLE HOUSING

The US has a nationwide shortage of affordable and available housing (Joint Center 2022) for homebuyers and renters. Local leaders can encourage the production of new affordable units by adopting inclusionary and streamlined zoning¹⁷ and land use policies. They can also explore policy solutions to increase housing supply, such as density bonuses,¹⁸ reduced regulatory barriers,¹⁹ land value taxation, and equitable transit-oriented development.²⁰ Local leaders can also preserve existing affordable units²¹ by tracking and targeting buildings with subsidies set to expire,²² offering financial support to small landlords who wish to preserve their units, enacting policies that enable tenants to buy buildings (Goodman, Reynolds, and Choi 2021), dedicating state and local resources to complement federal funding, fostering a strong ecosystem of developers, and learning from other cities.²³ Local leaders can also allocate Coronavirus State and Local Fiscal Recovery Funds²⁴ to support affordable housing development and preservation and help households²⁵ manage rent and mortgage costs.

HELP RESIDENTS MANAGE TRANSPORTATION COSTS

Transportation costs can absorb a significant portion of household budgets, especially for those who own and use cars. As local leaders help residents navigate inflation and gas price hikes while working to mitigate climate change, they can consider strategies like reducing public transportation fares,²⁶ increasing bus and rail service, and repainting streets to prioritize buses and cyclists. Long-term, local leaders can plan²⁷ for land use, affordable housing, and transportation together, creating reasonably priced, walking- and transit-friendly neighborhoods to reduce the need for cars. They can also invest in substantially improved transit service by leveraging funds from the recently passed US infrastructure law.²⁸ These investments would produce a more affordable transportation system while reducing greenhouse gas emissions.

HELP RESIDENTS MANAGE UTILITY COSTS

Local leaders can help residents manage utility expenses by connecting them to available financial supports and coordinating²⁹ with utility providers. Programs such as LIFT-UP³⁰ allow city utilities to

recoup lost revenue from unpaid bills, while connecting residents who are behind on their utility bills with financial empowerment services. Local governments can tap multiple sources of funding (including Coronavirus State and Local Fiscal Recovery Funds,³¹ the Low Income Home Energy Assistance Program,³² Emergency Rental Assistance,³³ and the Pandemic Emergency Assistance Fund³⁴) and coordinate across these programs using best practices³⁵ to promote these supports and connect households to a broader range of services.

IMPROVE COLLEGE ACCESS AND AFFORDABILITY

Black students borrow more³⁶ than other students at similar institutions with similar levels of education, and they also have more trouble repaying their loans.³⁷ To ensure college and career and technical education are accessible and affordable for students of color, local leaders can work with philanthropy, school systems, local community colleges, and universities to provide scholarships³⁸ and college savings accounts,³⁹ advocate for lower tuition⁴⁰ and resources to lower living expenses,⁴¹ and provide students and parents with financial guidance and advisory support.⁴² Local leaders can also work with employers to revise tuition benefits policies to align with the needs of workers, particularly workers of color, who want to go back to school to advance in their careers. They can also advocate for state and federal reforms to help improve financial aid⁴³ and provide student loan debt relief for their residents, including forgiving student loans⁴⁴ and making improvements to income-driven repayment programs (Baum and Delisle 2022).

SUPPORT WORKING PARENTS THROUGH QUALITY, AFFORDABLE CHILD CARE

Child care is a major expense for households with children, and the lack of child care can hold back working parents, parents returning to the workforce,⁴⁵ and parents returning to school.⁴⁶ Given the pandemic's disproportionate impact on parents of color and parents with lower incomes, addressing these challenges is a critical step toward a more equitable and strong economic recovery.⁴⁷

Local leaders can work with state and federal officials to engage child care providers and families, particularly those who face higher barriers to accessing public supports (Adams and Pratt 2021), to identify gaps in the supply of affordable care. They can then target investments to make child care more affordable, supplementing federal-state subsidy funds to defray child care costs for parents unable to get assistance; support hard-to-find care (including care during nontraditional hours,⁴⁸ care for infants and toddlers (Henly and Adams 2018a), care for children with special needs (Henly and Adams 2018b), and care in underresourced communities); and improve compensation for providers (Adams, Ewen, and Luetmer 2021). Finally, local leaders can work with the state subsidy system to make child care subsidies more accessible and equitable⁴⁹ by simplifying application processes, coordinating applications and materials across state programs, and expanding eligibility thresholds.

Economic Resilience

PROTECT THOSE AT RISK OF EVICTION

The COVID-19 pandemic caused economic shocks that threatened the already precarious housing stability of renters with low incomes. Local leaders can protect renters at risk of eviction by instituting local eviction prevention strategies, such as eviction diversion programs (Treskon et al. 2021) or right-to-counsel laws; ensuring equitable and timely disbursement of emergency rental assistance⁵⁰ and enacting new forms of rental assistance⁵¹ or income supports⁵² when federal emergency assistance expires; and increasing funding for local housing subsidies. Many cities have experimented with broader systems changes⁵³ that can stem evictions. Philanthropy can also play a role⁵⁴ in preventing evictions.

HELP RESIDENTS BUILD CREDIT SAFELY

City leaders can help residents with no credit or poor credit establish and build credit safely by funding local organizations and community development financial institutions to issue credit-building loans, which are often paired with tailored financial coaching. Lawmakers may also require landlords to report rental payments⁵⁵ to credit bureaus to help residents improve their credit scores. Some jurisdictions have enacted local ordinances to regulate alternative financial products by capping interest rates and ensuring a borrower's ability to repay. Doing so can help prevent residents from falling into a cycle of debt.

ENCOURAGE SAVINGS

Even a small amount of savings can make a big difference. Families with as little as \$250 to \$749 in savings⁵⁶ are less likely to receive public benefits, be evicted, or miss a housing or utility payment after a job loss or other income drop, which also benefits city finances.⁵⁷ Liquid savings also contribute to residents' long-term financial health (Burke 2021). Pay gaps, occupational segregation, and historical and current job discrimination can affect some residents' ability to earn enough to save. Local leaders can incentivize and reward liquid savings through matched savings,⁵⁸ sidecar savings (McKay and Nabi 2022), and nonprofit programs,⁵⁹ including programs targeted at boosting the liquid savings of municipal employees.⁶⁰ Cities can also remove barriers to saving by raising or eliminating asset limits in public benefits programs or encouraging their state⁶¹ to do so.

ASSESS CITY EMPLOYMENT PRACTICES AND BOOST EMPLOYEES' FINANCIAL SECURITY

City government can take a leadership role in boosting their employees' financial health, adopting policies and practices that other local employers can model. Forgoing credit checks in the hiring process⁶² could help prospective employees who are struggling financially. City leaders can also establish partnerships with financial institutions to provide small-dollar emergency loans (Hahn et al.

2020) to city employees and safe financial products that make it easy for employees to save. They can also provide emergency assistance for workers through workforce development programming funded by city agencies. These options can enhance employees' financial security and improve their credit scores as they successfully repay the loan.

PROMOTE HEALTH INSURANCE COVERAGE

Being uninsured can have serious consequences for residents' physical and financial health. Nationally, 13 percent of adults have medical debt in collections.⁶³ Black residents are more likely to be uninsured and have past-due medical debt.⁶⁴ In states that did not expand Medicaid, local leaders could help state leaders understand how a high share of uninsured residents affects city financial health and residents' daily finances.

IMPROVE ACCESS TO AND AWARENESS OF STATE SAFETY NET PROGRAMS

Residents who are eligible for safety net programs may not be receiving the help they need because they lack the right information, distrust government programs, or face cumbersome barriers to getting and keeping benefits. Local leaders can work with state leaders to expand eligibility and improve access and program efficiency⁶⁵ through technology and business improvements, increased coordination across safety net programs, and information campaigns. Immigrant households in particular may be hesitant to apply for public programs. Local leaders can build trust with immigrant communities⁶⁶ by partnering with culturally specific organizations on outreach and enrollment, reaching out to immigrant families through mediums they trust, and increasing funding and capacity for enrollment navigators.

Upward Mobility

SUPPORT PROGRAMS THAT HELP RESIDENTS BUILD WEALTH AND ASSETS

To help residents pursue opportunities for upward mobility, local leaders can remove barriers to wealth building and promote asset development at the individual and community levels. Building on the success of matched-savings programs (Azzolini, McKernan, and Martinchek 2020) like individual development accounts and child savings accounts,⁶⁷ several local leaders are considering baby bonds⁶⁸ programs. These trust accounts hold promise as a powerful investment in young people from households of little-to-no wealth, which are disproportionately Black, Hispanic, Native American, and immigrant households. Local jurisdictions can also pursue community wealth-building (Theodos, Marx, and Nunna 2021) strategies and advocate for more equitable and transparent investment of community development capital (Theodos et al. 2021) from private and philanthropic entities.

PROMOTE HOMEOWNERSHIP AND PROTECT HOMEOWNERS

Homeownership is an important vehicle for building wealth and financial stability, but a long history of racist policies and practices like redlining, restrictive covenants, urban renewal, inequitable access to insurance, and segregation have blocked households of color—particularly Black households—from homeownership opportunities. Local leaders can help residents achieve homeownership by offering down payment and closing cost assistance⁶⁹; providing loans and below-market interest rates⁷⁰ to boost affordability and housing equity accumulation; and promoting land trusts, co-ops, and shared equity housing alongside homeownership education and counseling (Li et al. 2016).

Local leaders can also reform (Brown et al. 2021) property taxes by introducing more progressive tax approaches, subsidies, or rebates. They can also reform assessment processes to ensure they do not disproportionately burden residents with low incomes, for example by increasing the frequency of assessments, eliminating assessment limits, and reforming appeals processes. Lastly, local leaders can prompt state policymakers to ensure that the federal Homeowner Assistance Fund stabilizes households with low incomes and households of color⁷¹ as intended and helps prevent racial disparities from worsening (Neal and McCargo 2020). In addition, because Black and Hispanic homeowners are more likely to live in inadequate housing (Neal, Choi, and Walsh 2020), access to funds for home repairs⁷² could help them maintain homeownership.

RESOLVE HEIRS' PROPERTY ISSUES

Some residents, particularly Black families in the South and residents in central Appalachia, hold or have lost land handed down from previous generations without a clear title or legal document proving ownership. Residents with this type of inherited property, known as heirs' property,⁷³ may be unable to secure a mortgage or home improvement loan but are responsible for taxes and other liabilities and can have their property taken away through court-ordered sales. One estimate states that heirs' property makes up more than a third of Southern Black-owned land.⁷⁴ Local leaders can help residents navigate the legal process to resolve land ownership through legal education and heirs' property resolution services.

SUPPORT STUDENTS DURING AND AFTER COLLEGE AND ENSURE PROGRAMS ADVANCE UPWARD MOBILITY

Black and Hispanic students are more likely than their white peers to drop out of college (Mishory, Huelsman, and Kahn 2019). Structural inequities in K–12 education can leave these students less prepared for college. They're also more likely to have competing financial priorities and attend an underresourced college without vital student supports. When combined with generational wealth gaps,

occupational segregation, and racial discrimination in the job market, these barriers affect students' ability to pay back student loans and leverage their degrees.

To ensure higher education delivers on its potential for upward mobility, local leaders can explore which programs and fields of study are delivering for students and invest in mentorship, sustained scholarships, and guidance counseling.⁷⁵ Leaders can also create [emergency aid funds](#) to help students with unexpected costs that might otherwise force them to drop out. Local leaders can also promote a feeling of belonging in schools by elevating student voices and designing programs—with student input—that offer financial, personal, and academic supports. And support can continue after graduation: local leaders can help build partnerships between employers and colleges⁷⁶ so students are preparing for and can obtain high-quality, in-demand jobs in their community.

OFFER SECTOR-BASED SKILLS TRAINING FOR IN-DEMAND JOBS

Historical discrimination in hiring has resulted in occupational segregation, with women and people of color underrepresented in jobs that provide family-sustaining wages and benefits. To improve access to quality jobs, leaders of local workforce agency and workforce development boards can leverage government, private, and philanthropic funding and programs like apprenticeships (Lerman 2018; including public sector⁷⁷ apprenticeships) to provide job training in growth sectors like health care,⁷⁸ technology,⁷⁹ and key regional industries.⁸⁰ Partnering with high schools and community colleges, training providers, business groups, and employers will ensure that the training is aligned with employer needs and offers access to jobs. Local leaders can improve equity outcomes by actively recruiting women and workers of color and providing support services, like transportation stipends and child care, to reduce barriers to participation. Local program leaders can also create new service models that allow for remote training.

LEVERAGE WORKFORCE INVESTMENTS TO IMPROVE JOB QUALITY

Local leaders can prioritize job quality (Congdon, Katz, and Shakesprere 2021) across workforce programs to increase the number of jobs with family-sustaining wages and benefits. Workforce programs can center job-quality goals (Congdon, Katz, and Shakesprere 2021) by increasing employee ownership, engaging with employers that meet certain job-quality requirements, training job seekers on job-quality fundamentals, and integrating job-quality requirements in subrecipient contracts. Local governments can set higher standards for job quality through their own practices and policies, including using business incentives like special tax credits to ensure that new jobs are located near transit hubs, meet living-wage standards, and focus on harder-to-employ populations. Local leaders can also help elevate worker voice and power (Langston, Walsh, and Muña 2021), ensuring they have a voice in all these efforts.

SUPPORT THE FUTURE WORKFORCE BY INVESTING IN YOUTH AND YOUNG ADULTS

Government and philanthropic leaders can develop programs for young people (Spievack et al. 2020) through “earn and learn” opportunities during the school year,⁸¹ the summer (Briggs, Spievack, and Blount 2019), or after graduation (Fein and Dastrup 2022). These programs can help teens and young adults gain valuable access to job training. Local government can partner with philanthropy and business leaders to enhance these programs with culturally appropriate support services, such as expanded outreach efforts, mentorship and career navigation services, and stipends or earning opportunities. Some programs also connect young people with a safe, low-cost financial account at a bank or credit union to help them save what they earn.

SUPPORT SUCCESSFUL REENTRY FOR THOSE WITH CRIMINAL LEGAL SYSTEM INVOLVEMENT

Being involved with the criminal legal system can harm people’s financial stability and prevent their upward mobility. Local leaders can pursue a range of approaches⁸² for helping people released from incarceration, including strategies to increase housing stability⁸³ and access to identification documents⁸⁴ following release. Having a job can also help ensure a successful transition⁸⁵ from prison or jail and prevent future criminal legal system involvement. To connect people with jobs, local government leaders can coordinate with jails and prisons, corrections and community supervision agencies, nonprofits serving justice-involved people, and employers that are hiring or interested in offering subsidized jobs. Local workforce leaders can advocate for apprenticeship or pre-apprenticeship programs to enlist people who are about to be released, ensure workforce development efforts include legal system outreach, and encourage employers to be open to hiring those with criminal records. Lastly, local leaders can explore ways to support the families and children (Peterson et al. 2015) of those involved in the criminal legal system.

SUPPORT SMALL BUSINESS GROWTH AND RECOVERY

To aid small businesses recovering from the pandemic,⁸⁶ local leaders can leverage state and federal investments to administer small business recovery and resiliency grants. And to help financially vulnerable businesses access capital, local leaders can support and scale community development financial institution⁸⁷ products and directly underwrite credit enhancements or loan guarantees. In addition, local leaders can provide culturally tailored technical assistance (Theodos, González-Hermoso, and Park 2021), create resource hubs for comprehensive business assistance, cultivate business entrepreneurship and training opportunities, and provide access to technology⁸⁸ that can democratize access to financial and informational resources.

STRENGTHEN THE SMALL BUSINESS ECOSYSTEM

City and county policymakers can leverage the purchasing power of local government to support and invest in local small businesses, particularly those owned by women and people of color. They can also use their real estate assets to provide low-cost leases to small businesses getting off the ground and offer spaces for small businesses to showcase their goods or services and connect with new customers. Local government leaders can also ensure that any new funding is targeted to neighborhoods that have been historically locked out of investment. For example, Chicago's Neighborhood Opportunity Fund⁸⁹ offers competitive grant funding to small-business owners, property owners, landlords, and nonprofits in underresourced commercial corridors.

Notes

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For more information on this project, see <https://apps.urban.org/features/financial-health-wealth-dashboard> for the feature, which includes these strategies.



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